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HARYANA GOVERNMENT

FINANCE DEPARTMENT

Notification

The 20th November, 2020

No. IFCC/Acctt/2020/1796.—

Higher Education Credit Guarantee Scheme

1. Title and date of commencement

- (i) The scheme shall be known as the Higher Education Credit Guarantee Scheme.
- (ii) It shall come into force from the date of issuance of this notification.

2. Definitions:

- (i) **“Repo Rate”** for a Member Lending Institution means the rate so declared by Reserve Bank of India (RBI) from time to time and followed by the Member Lending Institutions/ Banks
- (ii) **“Collateral Security”** means the security provided in addition to personal obligation of borrower/co-borrower.
- (iii) **“Education Loan”** means any financial assistance by way of loan, extended by the lending institutions to the eligible borrower for higher education.
- (iv) **“Fund”** means the Higher Education Credit Guarantee Fund for education loan established by Govt. of Haryana with the purpose of Guaranteeing the payment against default in education loans, extended by the Member Lending Institutions (MLIs) to the eligible borrowers.
- (v) **“Member Lending Institutions”** means all public sector banks, Private sector banks and Foreign banks which are member of Indian Bank's Association (IBA) and has subscribed to the said facility extended by the State of Haryana by agreeing to the terms and conditions of this notification.
- (vi) **“Non-Performing Assets”** means an asset classified as a non-performing based on the instructions and guidelines issued by the Reserve Bank of India from time to time.

3. Objective of the Scheme

The main objective of the scheme is to enable the students belonging to the State of Haryana intending to pursue Higher education having passed 12th class from institutions recognised by the Government of Haryana but unable to pursue higher education due to lack of collateral security. Such students would be provided an opportunity to study under the umbrella of this Scheme. Under the scheme, the State Government guarantee will be provided against a Higher Education Credit Guarantee Fund which will be created for loan under various categories for education so that students of Haryana State need not to provide for any collateral. The main aim of the scheme is to ensure that the students are not denied the opportunity of higher studies in professional and other institutes due to lack of collateral security. Under the

scheme, a Bank or Member Lending Institution can avail the benefit by paying nominal fees in case of default/NPA.

4. **Salient features of credit Guarantee fund**

The scheme envisages creation of the corpus called the “Higher Education Credit Guarantee Fund”.

- (a) For availing the benefit of Fund, the Member Lending Institution (MLI)/Banks shall pay the annual guarantee fee at the rate of 0.3% of total outstanding loan amount against their respective borrowers. Such fees is to be provided on annual basis and the same shall be non-refundable. The amount of annual guarantee fee shall be recoverable from the students.
- (b) The Interest charged by the Member Lending Institutions for education loan shall not exceed a maximum of up to 2% over and above the repo rate declared by RBI from time to time. However, this may be revised by the competent authority keeping in view the circumstances later on.
- (c) This fund will be utilised in case of default by the beneficiary in repayment of loan upto 100% of the principal amount alongwith interest for the Govt. medical colleges of state of Haryana irrespective of accreditation status, 90% of the Principal amount along with interest for the admission to an institution which has at least ‘A’ grading or higher in NAAC ranking and 75% of the Principal amount of loan alongwith interest in case of the admission to an institution with ‘B’ and ‘C’ grading and 50% of the principal amount of loan with interest for admission to an institution with D category. For the balance amount, Banks/Member lending Institution shall recover the same from the borrower.
- (d) The Government will provide guarantee for education loans provided by the Member Lending Institutions(MLI) to meet expenses on account of tuition fees, hostel charges, bond amount, examination/library/laboratory fees and deposit to the educational institution of any kind. However, in case of Medical Institutions the maximum amount that can be financed by Banks/MLI is upto Rs.50.00 lakh (for Government Medical Colleges of State of Haryana only) and upto Rs.10.00 lakh for other courses in both Government and Private Institutions. The State Government reserves the right to add or remove any item of expense keeping in view requirements later.
- (e) The accrued interest during the moratorium period and course period shall be added to the principal and repayment would be fixed in Equated Monthly Installments (EMI) with repayment period of at least 15 years after commencement of repayment period with the option to repay at any point of time without prepayment penalty.
- (f) The provisions mentioned in the scheme shall be mandatorily applicable to such Member Lending Institutions. The Government will pay the subsequent loan on account of bond amount of the student once he/she joins Government service after completion of the courses provided he/she appears and gets selected through due procedure.
- (g) The guarantee would be available for loans for students who are residents of Haryana provided by the MLI for courses other than MBBS in institutions located anywhere within territorial jurisdictions of Union of India.

5. **Guarantee Amount**

- (i) 100% of the Principal amount of loan alongwith interest would be guaranteed in case of the students who obtain admission in MBBS in Government Medical Colleges. Additionally with respect to admission in the other Educational Institutions.
- (ii) 90% of the Principal amount of loan alongwith interest would be guaranteed in case of the students who obtain admission to an institution which has at least ‘A’ grading in NAAC accreditation or higher than that.
- (iii) 75% of the Principal amount of loans alongwith interest would be guaranteed in case of the students who obtain admission to an institution which has B++, B+, B & C grading in NAAC accreditation.
- (iv) 50% of the loan would be guaranteed in case of the student who obtain admission to an institution which has D grading in NAAC accreditation.
- (v) The margin money in respect of medical courses shall be 2% of the approved loan and 10% of the approved loan in respect of other courses.

6. **Eligibility**

Students who has passed 12th class, is a resident of Haryana State with the I-card/PPP(Parivar Pehchan Patra) and whose family income does not exceed six lakh per annum, counted form all the sources will be entitled to avail above stated benefit under the scheme for the courses other than MBBS. However, for the MBBS course there will be no income criteria. Anyone who has qualified NEET examination and has secured a seat through open counseling will be eligible for such loan facility under the said scheme.

7. Application / Sanction / Disbursement

Any student who has passed 12th class and has obtained admission in a higher educational institution located in Haryana can apply online through online portal (atmanirbhar.haryana.gov.in) or mobile app or through Saral Kendras on a common application devised by State Level Banker Committee (SLBC).

8. Additional Criteria

- (1) The benefit under the scheme will not be available, if the student discontinues his studies before the completion of the course.
- (2) Benefit under the scheme will not be provided if the student is not able to complete the course within the scheduled period. However, where such event is on account of resources that are beyond the control of students as determined by the Medical Education and Research Department or Higher Education Department as the case may be and where the student makes effort to complete the courses in reasonable time in the loan will be fund by State Government.

9. Implementation of the Scheme

- (i) The banks who will agree to provide loan under the above scheme of the State Government will enter into a MOU with the Government of Haryana (Department of Finance). All the cases received by the respective banks will be processed within scheduled timeline and a detailed information of the number of loans sanctioned, along with details of courses applied for, will be provided by the Member Lending Institution to the IFCC (on behalf of Department of Finance) on quarterly basis by SLBC.
- (ii) Proper documentation for the loan will be the responsibility of the respective banks as per their existing procedure.
- (iii) The banks shall apply to the Department of Medical Education and Research in case of default by any student within the prescribed timeline after exhausting all the means available at their disposal for claim of default.

10. Non- payment of Installment

In case of non- repayment of three consecutive equated monthly installments by the beneficiary after it becomes due and the loan becoming NPA, the Guarantee can be invoked by the Bank/Lending Institution through the Credit Guarantee Fund by applying to Department of Institutional Finance and Credit Control(IFCC) with detailed justification.

11. Administration of HECGF

For the purpose of administration of fund the said committee will held periodical meetings. The constitution of the committee will be here as under:

Committee Member	Designation and Name of Department
Chairman	Chief Secretary, Haryana
Member	Additional Secretary to Government Haryana, Medical Education and Research.
Member	Additional Secretary to Government Haryana, Department of Finance.
Member	Additional Secretary to Government Haryana, Department of Health and Family Welfare
Member	Additional Secretary to Government Haryana, Department of Higher Education
Member	Additional Secretary to Government Haryana, Department of Technical Education

The 20th November, 2020

T.V.S.N. PRASAD,
Additional Chief Secretary to Government of Haryana,
Finance Department.